

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Hopkins	County Allegan
Fiscal Year End 3/31/06	Opinion Date 9/13/06	Date Audit Report Submitted to State 9/29/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

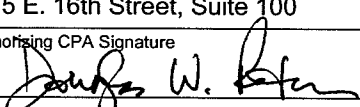
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>	No letter written		
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) Ferris, Busscher & Zwiers, P.C.		Telephone Number (616) 392-8534		
Street Address 675 E. 16th Street, Suite 100		City Holland	State MI	Zip 49423
Authorizing CPA Signature 		Printed Name Douglas W. Rotman, C.P.A.		License Number 1101019033

TOWNSHIP OF HOPKINS

ALLEGAN COUNTY, MICHIGAN

FINANCIAL STATEMENTS

MARCH 31, 2006

INDEX

Page

INDEPENDENT AUDITORS' REPORT

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements	
Statement of Net Assets	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet – Governmental Funds	3
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets	4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Statement of Fiduciary Net Assets – Agency Fund	7
Notes to Financial Statements	8-15

REQUIRED SUPPLEMENTARY INFORMATION

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	16-20
---	-------

September 13, 2006

Township Board
Township of Hopkins
Allegan County, Michigan

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying basic financial statements of the Township of Hopkins as of and for the year ended March 31, 2006, as listed in the index. These basic financial statements are the responsibility of the management of the Township of Hopkins. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Township of Hopkins as of March 31, 2006, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. Management has elected to omit the Management's Discussion and Analysis from the required supplementary information.

Ferris, Busscher & Zwiars, P.C.

FERRIS, BUSSCHER & ZWIERS, P.C.
Certified Public Accountants
Holland, Michigan

675 East 16th Street
Suite 100
Holland Michigan 49423
Phone: (616) 392-8534
Fax: (616) 392-7299
www.fbzcpa.com

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF HOPKINS
ALLEGAN COUNTY, MICHIGAN
STATEMENT OF NET ASSETS
MARCH 31, 2006

	Primary <u>Government</u> Governmental <u>Activities</u>
ASSETS	
Cash	\$ 847,813
Investments	501,743
Receivables, net	45,732
Prepaid expenses	6,560
Capital assets	
Land	39,506
Other capital assets, net of depreciation	<u>76,496</u>
TOTAL ASSETS	<u>\$ 1,517,850</u>
LIABILITIES	
Accounts payable and accrued expenses	<u>\$ 13,964</u>
NET ASSETS	
Invested in capital assets	\$ 116,002
Restricted	
Public works	220,625
Debt service	82,375
Unrestricted	<u>1,084,884</u>
TOTAL NET ASSETS	<u>\$ 1,503,886</u>

TOWNSHIP OF HOPKINS
ALLEGAN COUNTY, MICHIGAN
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2006

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
PRIMARY GOVERNMENT			
Governmental activities			
General government	\$ 121,759	\$ 31,405	\$ -
Public safety	93,325	21,765	-
Public works	164,794	1,800	-
Recreation	4,207	-	-
Interest on long-term debt	<u>369</u>	<u>-</u>	<u>-</u>
Total governmental activities	\$ <u>384,454</u>	\$ <u>54,970</u>	\$ <u>-</u>
TOTAL PRIMARY GOVERNMENT	\$ <u><u>384,454</u></u>	\$ <u><u>54,970</u></u>	\$ <u><u>-</u></u>
General revenues			
Taxes			
Property taxes, levied for general purposes			
Property taxes, levied for public safety			
Property taxes, levied for public works			
State shared revenues			
Unrestricted investment income			
Miscellaneous			
Total general revenues			
CHANGE IN NET ASSETS			
NET ASSETS - APRIL 1, 2005			
NET ASSETS - MARCH 31, 2006			

See notes to financial statements

<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue Governmental Activities</u>
\$ 5,000	\$ (85,354)
-	(71,560)
-	(162,994)
-	(4,207)
-	(369)
<u>\$ 5,000</u>	<u>\$ (324,484)</u>
<u>\$ 5,000</u>	<u>\$ (324,484)</u>

\$ 47,525
 60,744
 138,235
 146,893
 30,108
3,566

\$ 427,071

\$ 102,587

1,401,299

\$ 1,503,886

TOWNSHIP OF HOPKINS
ALLEGAN COUNTY, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2006

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 755,412	\$ 78,851	\$ 834,263
Investments	501,743	-	501,743
Due from other funds	21,505	3,524	25,029
Due from other governmental entities	23,642	-	23,642
Prepaid insurance	<u>6,560</u>	<u>-</u>	<u>6,560</u>
TOTAL ASSETS	<u>\$ 1,308,862</u>	<u>\$ 82,375</u>	<u>\$ 1,391,237</u>
LIABILITIES			
Accounts payable	\$ 3,964	\$ -	\$ 3,964
Deposit	<u>10,000</u>	<u>-</u>	<u>10,000</u>
TOTAL LIABILITIES	<u>\$ 13,964</u>	<u>\$ -</u>	<u>\$ 13,964</u>
FUND BALANCES			
Reserved	\$ 223,658	\$ 82,375	\$ 306,033
Unreserved	<u>1,071,240</u>	<u>-</u>	<u>1,071,240</u>
TOTAL FUND BALANCES	<u>\$ 1,294,898</u>	<u>\$ 82,375</u>	<u>\$ 1,377,273</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,308,862</u>	<u>\$ 82,375</u>	<u>\$ 1,391,237</u>

See notes to financial statements

TOWNSHIP OF HOPKINS
ALLEGAN COUNTY, MICHIGAN
RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET
FOR GOVERNMENTAL FUNDS TO NET ASSETS OF
GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS
MARCH 31, 2006

Fund balances - Total governmental funds	\$ 1,377,273
--	--------------

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add - Capital assets	160,855
Deduct - Accumulated depreciation	(44,853)

Tax, special assessment, or other revenues unearned or unavailable in < 60 days for expenditures reported in fund statements.

Add - Receivables	<u>10,611</u>
-------------------	---------------

Net assets of governmental activities	<u>\$ 1,503,886</u>
---------------------------------------	---------------------

TOWNSHIP OF HOPKINS
ALLEGAN COUNTY, MICHIGAN
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2006

	<u>General</u>	<u>Debt Service</u>	Total Governemantal <u>Funds</u>
REVENUES			
Taxes and special assessments	\$ 187,560	\$ 60,744	\$ 248,304
Licenses and permits	21,765	-	21,765
Intergovernmental revenue	147,030	-	147,030
Charges for services	31,405	-	31,405
Miscellaneous	<u>38,542</u>	<u>134</u>	<u>38,676</u>
TOTAL REVENUES	<u>\$ 426,302</u>	<u>\$ 60,878</u>	<u>\$ 487,180</u>
EXPENDITURES			
General government	\$ 118,866	\$ -	\$ 118,866
Public safety	93,324	-	93,324
Public works	164,793	-	164,793
Recreation	3,152	-	3,152
Debt service			
Principal retirement	-	36,856	36,856
Interest	-	1,175	1,175
Capital outlay	<u>4,463</u>	<u>-</u>	<u>4,463</u>
TOTAL EXPENDITURES	<u>\$ 384,598</u>	<u>\$ 38,031</u>	<u>\$ 422,629</u>
NET CHANGE IN FUND BALANCES	\$ 41,704	\$ 22,847	\$ 64,551
FUND BALANCES - APRIL 1, 2005	<u>1,253,194</u>	<u>59,528</u>	<u>1,312,722</u>
FUND BALANCES - MARCH 31, 2006	<u>\$ 1,294,898</u>	<u>\$ 82,375</u>	<u>\$ 1,377,273</u>

See notes to financial statements

TOWNSHIP OF HOPKINS
ALLEGAN COUNTY, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2006

Net change in fund balances - Total governmental funds	\$ 64,551
--	-----------

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - Capital outlay	4,463
Deduct - Depreciation expense	(3,950)

Debt proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net assets.

Add - Principal payments on long-term liabilities	36,856
---	--------

Tax, special assessment, or other revenues unearned or unavailable in < 60 days for expenditures reported in fund statements.	(139)
---	-------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Add - Change in accrued interest on long-term debt	<u>806</u>
--	------------

Change in net assets of governmental activities	<u>\$ 102,587</u>
---	-------------------

TOWNSHIP OF HOPKINS
ALLEGAN COUNTY, MICHIGAN
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
MARCH 31, 2006

		Property Tax <u>Collection</u>
ASSETS		
Receivables, net		<u>\$ 5,209</u>
LIABILITIES		
Payables to other governments		<u>\$ 5,209</u>

See notes to financial statements

TOWNSHIP OF HOPKINS
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township.

REPORTING ENTITY

The Township of Hopkins, Allegan County, Michigan was organized in 1852 and covers an area of approximately 36 square miles. The Township operates under an elected Board of Trustees (5 members) and provides services such as fire and ambulance protection, community enrichment and development and human services to its residents. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 14, certain other governmental organizations are not considered to be part of the Township entity for financial reporting purposes.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. The Township does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The Township does not have any proprietary funds.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT
PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWNSHIP OF HOPKINS
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the fiscal period. State shared revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The Township's property tax is levied on each December 1st and is due and payable on or before February 15 of the following year. The Township bills and collects its own property taxes as well as taxes for the county and local school districts. Property tax revenues are recognized when levied to the extent that they result in current receivables. Delinquent taxes are received by Allegan County. Collection of all taxes are accounted for in the agency fund.

The 2005 taxable valuation of the Township totaled \$65,383,686, on which ad valorem taxes levied consisted of 0.725 mills for the Township's operating purposes, 0.9478 mills for fire services and 1.9906 mills for roads. These taxes raised \$47,525 for operating, \$60,744 for fire services and \$129,686 for roads.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the accumulation of resources for, and payment of, long-term debt principal, interest, and related costs.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and conditions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

TOWNSHIP OF HOPKINS
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Bank Deposits – Cash is considered to be cash on hand, demand deposits, and certificates of deposit.

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Prepaid Items – Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Capital assets, which include property, plant, equipment and infrastructure assets are reported in governmental activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building improvements	15 to 30 years
Land improvements	15 to 30 years
Vehicles	3 to 5 years
Office equipment	5 to 7 years
Machinery and equipment	3 to 20 years

Deferred Revenue – Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned. At March 31, 2006, the Township did not have any deferred revenue.

TOWNSHIP OF HOPKINS
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations – In the government-wide financial statements and in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported gross on the statement of net assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Restricted Net Assets – The Township's policy is to first apply restricted resources when an expense is incurred for which restricted and unrestricted net assets are available.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information – Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the Township is the line item level.

Excess of Expenditures Over Appropriations in Budgeted Funds – During the year, the Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

<u>Budget Item</u>	<u>Budget Appropriation</u>	<u>Actual Expenditure</u>	<u>Variance (Over)</u>
General Fund			
Public Works			
Highways and streets	\$ 160,100	\$ 161,651	\$ (1,551)
Public Safety			
Inspections and permits	20,000	21,168	(168)

TOWNSHIP OF HOPKINS
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 3 – DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Sections 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivision which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated two banks for the deposit of Township funds. The investment policy adopted by the Board is in accordance with Public Act 196 of 1997 and has currently authorized investments in bank accounts, CD's and repurchase agreements.

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash	\$ 834,263	\$13,550	\$ 847,813
Investments	<u>501,743</u>	<u>-</u>	<u>501,743</u>
Total	<u>\$ 1,336,006</u>	<u>\$13,550</u>	<u>\$ 1,349,556</u>

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank deposits (checking and savings accounts, certificate of deposits)	\$ 847,813
Investments in repurchase agreements	<u>501,743</u>
Total	<u>\$ 1,349,556</u>

The bank balance of the primary government's deposits is \$1,017,294, of which \$200,000 is covered by federal depository insurance and \$817,295 is uninsured and uncollateralized.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Township or its agent in the Township's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name; and
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

TOWNSHIP OF HOPKINS
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

At year-end, the Township's investment balances were categorized as follows:

	Category			Reported Amount (Fair Value)
	1	2	3	
Primary government				
Repurchase agreements	<u>\$ 501,743</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 501,743</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	<u>\$ 39,506</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,506</u>
Capital assets being depreciated				
Buildings	\$ 81,116	\$ -	\$ -	\$ 81,116
Improvements other than buildings	16,668	4,463	-	21,131
Machinery and equipment	<u>19,102</u>	<u>-</u>	<u>-</u>	<u>19,102</u>
Subtotal	<u>\$ 116,886</u>	<u>\$ 4,463</u>	<u>\$ -</u>	<u>\$ 121,349</u>
Less accumulated depreciation for				
Buildings	\$ 20,519	\$ 2,028	\$ -	\$ 22,547
Improvements other than buildings	3,507	926	-	4,433
Machinery and equipment	<u>16,877</u>	<u>996</u>	<u>-</u>	<u>17,873</u>
Subtotal	<u>\$ 40,903</u>	<u>\$ 3,950</u>	<u>\$ -</u>	<u>\$ 44,853</u>
Net capital assets being depreciated	<u>\$ 75,983</u>	<u>\$ 513</u>	<u>\$ -</u>	<u>\$ 76,496</u>
Total capital assets – net of depreciation	<u>\$ 115,489</u>	<u>\$ 513</u>	<u>\$ -</u>	<u>\$ 116,002</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities	
General government	\$ 2,895
Recreation	<u>1,055</u>
Total governmental activities	<u>\$ 3,950</u>

TOWNSHIP OF HOPKINS
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances are as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>	
Major funds:			
General	\$21,505	Agency	<u>\$25,029</u>
Debt service	<u>3,524</u>		
	<u>\$25,029</u>		

NOTE 6 – LONG-TERM DEBT

Township installment purchase agreements are general obligations of the government.

The activity can be summarized as follows:

	<u>Interest Rate</u>	<u>Principal Matures</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities							
Installment Purchase Agreements							
Fire equipment	4.3%	2006	<u>\$ 36,856</u>	<u>\$ -</u>	<u>\$ 36,856</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 7 – RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance to cover all risks of losses. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 8 – INTERLOCAL FIRE PROTECTION AGREEMENT

On November 4, 1993, the Township of Hopkins entered into a fire protection agreement along with the Village of Hopkins and Township of Watson. The general purpose of this agreement is to provide basic fire protection services throughout the Hopkins Fire District as defined in the agreement. This agreement created and established the Hopkins Fire Board as a separate administrative entity and public body and granted the Board the authority to govern fire protection and other designated emergency services as allowed by the terms of the agreement. Each member unit is required to contribute funds on a quarterly basis toward the operations of the Fire Board. Each unit's share is adjusted annually and is based upon a formula as provided for in the agreement. This agreement shall continue for a term of five years commencing April 1, 2000 and ending on March 31, 2006. This agreement shall be automatically renewed as to each unit for additional successive terms of five years each, unless a member unit withdraws in accordance with the agreements provisions.

TOWNSHIP OF HOPKINS
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 9 – BUILDING DEPARTMENT

Revenues	
Building, mechanical, plumbing and electrical permits and inspections	<u>\$21,765</u>
Expenditures	
Contracted services for issuance of building, mechanical, plumbing and electrical permits and inspections	<u>\$20,168</u>
Excess of revenues over expenditures	\$ 1,597
Cumulative excess of revenues over expenditures March 31, 2005	<u>7,081</u>
Cumulative excess of revenues over expenditures March 31, 2006	<u>\$ 8,678</u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF HOPKINS
ALLEGAN COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED MARCH 31, 2006

	Original <u>Budget</u>	Amended <u>Budget</u>
TAXES AND SPECIAL ASSESSMENTS		
Current property taxes	\$ 155,000	\$ 155,000
Mobile home taxes	225	225
Special assessments	<u>1,800</u>	<u>1,800</u>
TOTAL TAXES AND SPECIAL ASSESSMENTS	<u>\$ 157,025</u>	<u>\$ 157,025</u>
LICENSES AND PERMITS		
Building, mechanical, plumbing and electrical permits	<u>\$ 19,000</u>	<u>\$ 19,000</u>
INTERGOVERNMENTAL REVENUE		
State shared revenue	\$ 150,000	\$ 150,000
State right of way revenue	<u>3,800</u>	<u>3,800</u>
TOTAL INTERGOVERNMENTAL REVENUE	<u>\$ 153,800</u>	<u>\$ 153,800</u>
CHARGES FOR SERVICES		
Administrative fees	\$ 21,300	\$ 21,300
Grave openings	1,800	1,800
Sale of cemetery lots	1,000	1,000
Rental of cemetery land	225	225
Zoning hearing fees	<u>4,000</u>	<u>4,000</u>
TOTAL CHARGES FOR SERVICES	<u>\$ 28,325</u>	<u>\$ 28,325</u>
MISCELLANEOUS		
Interest income	\$ 15,050	\$ 15,050
Insurance reimbursements	250	250
Street lighting reimbursements	260	260
Park revenues	1,000	1,000
Contributions	-	-
Miscellaneous	<u>2,000</u>	<u>2,000</u>
TOTAL MISCELLANEOUS	<u>\$ 18,560</u>	<u>\$ 18,560</u>
TOTAL REVENUES	<u>\$ 376,710</u>	<u>\$ 376,710</u>

<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 185,502	\$ 30,502
258	33
<u>1,800</u>	<u>-</u>
<u>\$ 187,560</u>	<u>\$ 30,535</u>
<u>\$ 21,765</u>	<u>\$ 2,765</u>
\$ 143,744	\$ (6,256)
<u>3,286</u>	<u>(514)</u>
<u>\$ 147,030</u>	<u>\$ (6,770)</u>
\$ 23,705	\$ 2,405
1,650	(150)
725	(275)
225	-
<u>5,100</u>	<u>1,100</u>
<u>\$ 31,405</u>	<u>\$ 3,080</u>
\$ 29,976	\$ 14,926
171	(79)
260	-
270	(730)
5,000	5,000
<u>2,865</u>	<u>865</u>
<u>\$ 38,542</u>	<u>\$ 19,982</u>
<u>\$ 426,302</u>	<u>\$ 49,592</u>

TOWNSHIP OF HOPKINS
ALLEGAN COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
YEAR ENDED MARCH 31, 2006

	<u>Original Budget</u>	<u>Amended Budget</u>
GENERAL GOVERNMENT		
Township Board		
Salaries of trustees	\$ 5,200	\$ 4,200
Supplies	1,100	1,100
Dues	1,500	1,500
Refunds	500	600
Printing and publishing	2,000	2,000
Miscellaneous	<u>1,000</u>	<u>1,000</u>
Total Township Board	<u>\$ 11,300</u>	<u>\$ 10,400</u>
Township Supervisor		
Salary	\$ 10,872	\$ 10,872
Supplies	300	300
Miscellaneous	<u>800</u>	<u>800</u>
Total Township Supervisor	<u>\$ 11,972</u>	<u>\$ 11,972</u>
Assessor		
Salaries	\$ 15,384	\$ 15,384
Supplies	1,800	1,900
Miscellaneous	<u>500</u>	<u>500</u>
Total Assessor	<u>\$ 17,684</u>	<u>\$ 17,784</u>
Professional Services		
Attorney fees	\$ 5,000	\$ 5,000
Other professional fees	<u>17,000</u>	<u>15,000</u>
Total Professional Services	<u>\$ 22,000</u>	<u>\$ 20,000</u>
Clerk		
Salary	\$ 10,872	\$ 10,872
Supplies	1,500	1,500
Miscellaneous	<u>500</u>	<u>500</u>
Total Clerk	<u>\$ 12,872</u>	<u>\$ 12,872</u>

<u>Actual</u>	Variance Favorable (Unfavorable)
\$ 3,557	\$ 643
862	238
1,517	(17)
583	17
465	1,535
<u>232</u>	<u>768</u>
<u>\$ 7,216</u>	<u>\$ 3,184</u>
\$ 10,872	\$ -
-	300
<u>497</u>	<u>303</u>
<u>\$ 11,369</u>	<u>\$ 603</u>
\$ 15,384	\$ -
1,826	74
<u>499</u>	<u>1</u>
<u>\$ 17,709</u>	<u>\$ 75</u>
\$ -	\$ 5,000
<u>14,730</u>	<u>270</u>
<u>\$ 14,730</u>	<u>\$ 5,270</u>
\$ 10,872	\$ -
146	1,354
<u>-</u>	<u>500</u>
<u>\$ 11,018</u>	<u>\$ 1,854</u>

TOWNSHIP OF HOPKINS
ALLEGAN COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
YEAR ENDED MARCH 31, 2006

	<u>Original Budget</u>	<u>Amended Budget</u>
GENERAL GOVERNMENT (CONTINUED)		
Board of Review		
Salaries	\$ 1,200	\$ 1,400
Treasurer		
Salary	\$ 11,520	\$ 11,520
Supplies	3,000	3,000
Miscellaneous	<u>500</u>	<u>500</u>
Total Treasurer	\$ 15,020	\$ 15,020
Township Hall and Grounds		
Salaries	\$ 6,000	\$ 6,000
Repairs and maintenance	1,500	1,500
Utilities	3,000	3,000
Equipment	-	-
Training and seminars	<u>2,000</u>	<u>2,000</u>
Total Township Hall and Grounds	\$ 12,500	\$ 12,500
Cemetery		
Salaries	\$ 1,992	\$ 1,992
Supplies and maintenance	16,080	16,080
Miscellaneous	<u>500</u>	<u>500</u>
Total Cemetery	\$ 18,572	\$ 18,572
Elections		
Salaries	\$ 3,500	\$ 1,500
Supplies	<u>1,000</u>	<u>200</u>
Total Elections	\$ 4,500	\$ 1,700
Insurance	\$ 8,400	\$ 8,400
Payroll taxes	\$ 6,000	\$ 6,000
Village DDA Capture	\$ 3,000	\$ 3,000
TOTAL GENERAL GOVERNMENT	\$ 145,020	\$ 139,620

<u>Actual</u>	Variance Favorable (Unfavorable)
\$ 1,375	\$ 25
\$ 11,520	\$ -
2,662	338
55	445
\$ 14,237	\$ 783
\$ 3,091	\$ 2,909
412	1,088
1,854	1,146
2,554	(2,554)
1,409	591
\$ 9,320	\$ 3,180
\$ 1,968	\$ 24
13,149	2,931
60	440
\$ 15,177	\$ 3,395
\$ 1,100	\$ 400
188	12
\$ 1,288	\$ 412
\$ 7,674	\$ 726
\$ 4,945	\$ 1,055
\$ 2,808	\$ 192
\$ 118,866	\$ 20,754

TOWNSHIP OF HOPKINS
ALLEGAN COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
YEAR ENDED MARCH 31, 2006

	<u>Original Budget</u>	<u>Amended Budget</u>
PUBLIC SAFETY		
Fire Protection		
Contracted services	\$ 58,242	\$ 58,242
Inspections and Permits	\$ 18,900	\$ 20,000
Planning Commission		
Salaries	\$ 6,500	\$ 6,500
Printing and publishing	1,200	1,200
Miscellaneous	400	400
Total Planning Commission	\$ 8,100	\$ 8,100
Zoning Board of Appeals		
Salaries	\$ 3,000	\$ 3,000
Printing and publishing	750	750
Total Zoning Board of Appeals	\$ 3,750	\$ 3,750
Subsidies	\$ 6,000	\$ 6,000
Wayland Area Emergency Medical Service	\$ 8,500	\$ 8,500
TOTAL PUBLIC SAFETY	\$ 103,492	\$ 104,592
PUBLIC WORKS		
Drains at Large	\$ 2,000	\$ 2,000
Highway and Streets		
Road construction and dust control	\$ 153,100	\$ 160,100
Street Lighting		
Utilities	\$ 1,600	\$ 1,600
TOTAL PUBLIC WORKS	\$ 156,700	\$ 163,700

<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 58,242	\$ -
\$ 20,168	\$ (168)
\$ 2,925	\$ 3,575
177	1,023
<u>39</u>	<u>361</u>
\$ 3,141	\$ 4,959
\$ 2,580	\$ 420
<u>193</u>	<u>557</u>
\$ 2,773	\$ 977
\$ 4,000	\$ 2,000
\$ 5,000	\$ 3,500
\$ 93,324	\$ 11,268
\$ 1,915	\$ 85
\$ 161,651	\$ (1,551)
\$ 1,227	\$ 373
\$ 164,793	\$ (1,093)

TOWNSHIP OF HOPKINS
ALLEGAN COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
YEAR ENDED MARCH 31, 2006

	Original <u>Budget</u>	Amended <u>Budget</u>
RECREATION		
Parks	\$ 7,000	\$ 4,300
Equipment	5,000	5,000
Right of way	<u>3,800</u>	<u>3,800</u>
TOTAL RECREATION	<u>\$ 15,800</u>	<u>\$ 13,100</u>
CAPITAL OUTLAY		
General Government		
Cemetery	<u>\$ 23,000</u>	<u>\$ 23,000</u>
TOTAL EXPENDITURES	<u>\$ 444,012</u>	<u>\$ 444,012</u>
NET CHANGE IN FUND BALANCE	\$ (67,302)	\$ (67,302)
FUND BALANCE - APRIL 1, 2005	<u>1,253,194</u>	<u>1,253,194</u>
FUND BALANCE - MARCH 31, 2006	<u><u>\$ 1,185,892</u></u>	<u><u>\$ 1,185,892</u></u>

<u>Actual</u>	Variance Favorable (Unfavorable)
\$ 3,152	\$ 1,148
-	5,000
<u>-</u>	<u>3,800</u>
<u>\$ 3,152</u>	<u>\$ 9,948</u>
<u>\$ 4,463</u>	<u>\$ 18,537</u>
<u>\$ 384,598</u>	<u>\$ 59,414</u>
\$ 41,704	\$ 109,006
<u>1,253,194</u>	<u>-</u>
<u>\$ 1,294,898</u>	<u>\$ 109,006</u>